

Message Text

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PAGE 01 STATE 028368
ORIGIN NEA-03

INFO OCT-01 ISO-00 /004 R

DRAFTED BY NEA/ARP:J J ZIOLKOWSKI:LB
APPROVED BY NEA/ARP:J W TWINAM
-----014679 022128Z /64

O 022121Z PEB 78
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN IMMEDIATE
AMEMBASSY KUWAIT
AMEMBASSY TUNIS

LIMITED OFFICIAL USE STATE 028368

E.O. 11652: N/A

TAGS: BENC

SUBJECT: ARABSAT

FOLLOWING IS A REPEAT OF STATE 271718
QUOTE
O P 121745Z NOV 77
FM SECSTATE WASHDC
TO AMEMBASSY JIDDA IMMEDIATE
INFO USLO RIYADH PRIORITY

LIMITED OFFICIAL USE STATE 271718
FOR AMBASSADOR

E.O.11652: N/A
TAGS: BENC
SUBJECT: ARABSAT

1. COMSAT GENERAL (COMGEN) OFFICIALS HAVE SOUGHT
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DEPARTMENT'S ASSISTANCE IN COMMERCIAL COMPETITION FOR
MULTI-MILLION DOLLAR CONSULTING CONTRACT TO DESIGN,
SUPERVISE CONSTRUCTION OF, AND MANAGE SATELLITE COMMUNI-
CATIONS SYSTEM FOR ARAB COUNTRIES (ARABSAT). COMGEN
CLAIMS THAT COUNTRY OF FIRM WINNING CONTRACT WILL HAVE
INSIDE TRACK TO PERHAPS 300 MILLION DOLS IN EQUIPMENT

SALES AND THAT THEIR PROPOSAL IS "ONLY ONE INVOLVING SOLELY U.S. PARTICIPATION ". THERE ARE TWO OTHER BIDS WITH U.S. COMPONENTS OF VARYING AMOUNTS, HOWEVER. ONE FIRM IS TELECONSULT WHICH HAS 24 PERCENT INTEREST PLUS LEADING MANAGEMENT ROLE IN "ARAB-EUROPEAN-AMERICAN" GROUP. WE HAVE NO INFORMATION ABOUT INTERNATIONAL INFORMATION SYSTEMS INC. WHICH HAS A CALIFORNIA ADDRESS. IN ANY CASE, BIDDERS ON THIS CONTRACT ARE NOT TO INCLUDE ANY EQUIPMENT MANUFACTURERS.

2. COMSAT GENERAL REPS REPORTED SAUDIS OF LATE HAVE TAKEN MORE NEUTRAL, LESS PRO-COMSAT POSITION THAN THEY HAD EARLIER, AND COMGEN REPS PLANNING SERIES OF VISITS TO ARAB COUNTRIES DESIGNED TO BUTTRESS COMPANY'S PROSPECTS BEFORE ARABSAT'S RIYADH MEETING DECEMBER 5. TWO-MAN TEAM HEADED BY KEN MANNING ARRIVING RIYADH NOVEMBER 12 AND JIDDA NOVEMBER 13. AFTER TOURING ELSEWHERE, THEY WILL RETURN TO SAUDI ARABIA (RIYADY) DECEMBER 1, WITH BOARD CHAIRMAN JOHN JOHNSON. WE WOULD APPRECIATE EMBASSY'S OFFERING APPROPRIATE COURTESIES. UNTIL COMPETING U.S. FIRMS ARE OUT OF PICTURE, HOWEVER, YOU SHOULD NOT MAKE ANY REPRESENTATIONS ON COMGEN'S BEHALF. YOU MAY, OF COURSE, TELL SAG THAT YOU HOPE AMERICAN COMPANIES WILL BE GIVEN PRIMARY ROLE IN CONSTRUCTION AND MANAGEMENT OF SYSTEM. USDOC INVESTIGATING ARABSAT'S SITUATION FURTHER AND WILL ADVISE AREA POSTS ASAP.
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3. ONE QUESTION MANNING TOLD US HE WILL RAISE IS WHETHER OR NOT COMSAT GENERAL WILL REQUIRE, OR COULD USEFULLY EMPLOY, A SAUDI AGENT. VANCE. UNQUOTE
VANCE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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Disposition Case Number: n/a
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Review Exemptions: n/a
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